

Message Text

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ACTION EB-11

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FM AMCONSUL CALGARY

TO SECSTATE WASHDC 814

INFO AMEMBASSY OTTAWA

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E.O. 11652: N/A

TAGS: ENRG, CA

SUBJECT: FEDERAL MINISTER DISCUSSES ENERGY POLICIES WITH
INDUSTRY.

REF : CALGARY 326; CALGARY 321

1. FEDERAL ENERGY MINISTER DONALD MACDONALD LEFT NO DOUBTS IN THE MINDS OF REPRESENTATIVES OF ALBERTA'S OIL AND GAS INDUSTRIES BUT THAT THE FEDERAL GOVERNMENT INTENDS TO STAND BY ITS EXPORT TAX ON OIL. FURTHERMORE, MACDONALD INDICATED THAT OTTAWA IS CONSIDERING A SIMILAR TAX ON NATURAL GAS, WHICH WOULD BE BASED UPON COMMODITY VALUE RECEIVED AT ONTARIO. THE FEDERAL MINISTER ALSO STATED THAT THE FEDERAL GOVERNMENT IS CONTINUING TO EXPLORE THE DESIRABILITY OF A CROWN OIL COMPANY TO PARTICIPATE IN THE EXPLORATION AND DEVELOPMENT OF OIL IN CANADA.

2. MACDONALD WAS IN CALGARY SEPTEMBER 18 FOR THE PURPOSE OF PLACATING A HOSTILE ALBERTA OIL INDUSTRY AROUSED BY THE NEW ENERGY POLICIES EMANATING FROM OTTAWA. HE SPOKE AT A JOINT SESSION OF THE CANADIAN PETROLEUM ASSOCIATION AND THE INDEPENDENT PETROLEUM ASSOCIATION.

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3. MACDONALD STATED THAT THERE HAD BEEN NO RPT NO PRIOR

DISCUSSION WITH THE UNITED STATES GOVERNMENT ON THE ENERGY DECISIONS, CONTENDING THAT THE EMERGENCY CONDITIONS BROUGHT ABOUT BY RISING PRICES DID NOT ALLOW TIME FOR SUCH CONSULTATION. HE STRONGLY DENIED THAT THE FEDERAL GOVERNMENT HAD BEEN FORCED INTO THE POSITION OF ANNOUNCING ITS ENERGY POLICIES BY THE NEW DEMOCRATIC PARTY. IN RESPONSE TO A QUESTION RAISED ON THE FLOOR HE SAID THAT HE ANTICIPATED THAT THE MARKET VALUE OF OIL STOCKS WOULD SOON RISE. HE SAID HE WAS FULLY AWARE THAT THE TOTAL MARKET VALUE OF OIL STOCKS ON THE TORONTO EXCHANGE HAS DROPPED BY \$1.9 BILLION RECENTLY, BUT HE SAID THIS SITUATION SHOULD BE CORRECTED IN THE NEAR FUTURE.

4. IN A NEWS CONFERENCE FOLLOWING THE MEETING MACDONALD STRESSED THAT "AS SOON AS ANY PROVINCIAL PRODUCT, OIL OR OTHERWISE, CROSSES THE BOUNDARIES OF THAT PROVINCE THE FEDERAL GOVERNMENT HAS THE OVER RIDING POWER". HE STATED THAT THE FEDERAL GOVERNMENT HAS MADE NO RPT NO DECISION OF EITHER THE POSSIBLE EXEMPTION OF SYNTHETIC CRUDE FROM THE EXPORT TAX OR PRICE REGULATION, OR HOW THE TAX REVENUE GAINED MAY BE DIVIDED WITH THE PROVINCES. ON THE SYNCRUDE OIL SANDS PROJECT HE STATED THAT "THE GOVERNMENT IS NOT YET READY TO MAKE A MAJOR DECISION ON SOME HYPOTHETICAL PROJECT". THE MINISTER SAID HE WOULD RETURN TO ALBERTA ON OCTOBER 3 FOR SUBSTANTIAL DISCUSSIONS WITH PROVINCIAL OFFICIALS.
HALL

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